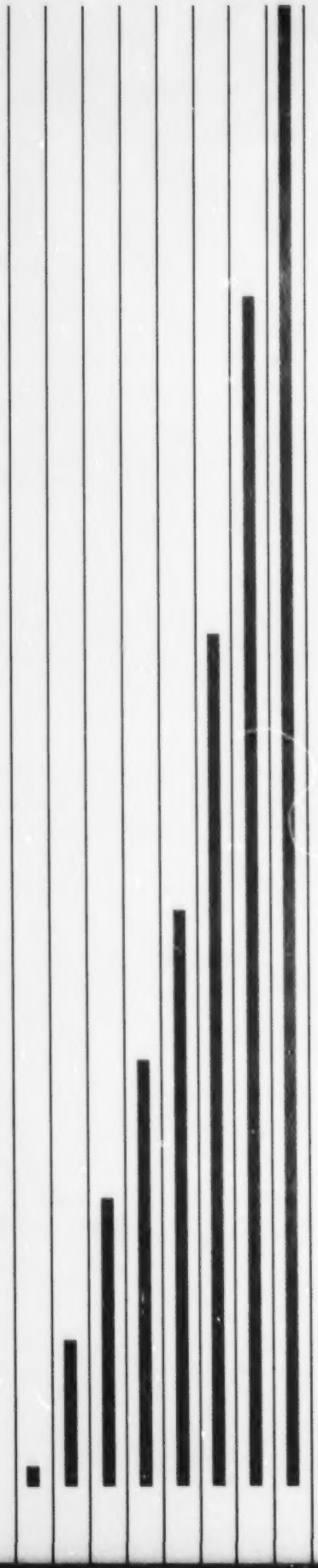
DISCOVERY FOUNDATION

1988 ANNUAL REPORT

The Eighth Year



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Discovery Foundation Annual Report

CHAIRMAN'S MESSAGE

Fiscal Year Ended March 31, 1988

Although I have been Chairman and Chief Executive Officer of Discovery Foundation for only six of the last twelve months, I share the pride of our Board of Trustees, our staff, and the organizations under the umbrella of Discovery Foundation, in the significant achievements that have been made by all our operating Divisions during the past year.

Discovery Foundation is the catalyst for the promotion of Science and Technology in British Columbia. It has developed three University-based Research Parks, created a Venture Capital company that invests in new and emerging technologies, and acts as a Counsellor to small business and new inventors. It operates on an expenditure of $5.1 million, with a staff of 22, and I am proud to give a brief description of the most significant highlights of an extremely busy year.

Discovery Parks Incorporated The announcement in mid-December by MacMillan Bloedel Ltd., to establish their world-wide Research headquarters in our B.C. Institute of Technology Park, with an investment in excess of $15 million, was a major milestone. Coincidental with their announcement we engaged an international Real Estate Broker, and as a direct result of these two events we are currently negotiating a number of offers from Corporations who wish to establish similar research projects within our Parks. The Prime Minister of Canada announced the establishment of the $30 million Forintek Canada Corporation research project in our University of British Columbia Park, and the negotiations presently underway contemplate several more announcements in the immediate future. We continue to welcome visitors, including dignitaries and delegations from all over the world, including Europe, Australia, the People's Republic of China, Hong Kong, Korea, Japan, Kuala Lumpur, and North America, as well as national and international Science & Technology Corporations, many of whom plan to establish Research Parks in their own countries patterned on our model.

Discovery Enterprises Inc After a national search we engaged a new and dedicated President for Discovery Enterprises Inc., whose expertise and experience will have a significant and profound impact on the Venture Capital arm of Discovery Foundation. A new Mission and Goals objective has been established, and the new President will lead the team to opportunities for the development of relationships with, and investment in, the Fund by the private sector. Our $56 million Venture Capital Fund currently has investments of $13.9 million in 35 companies. These investments make a direct impact on job creation throughout the Province.

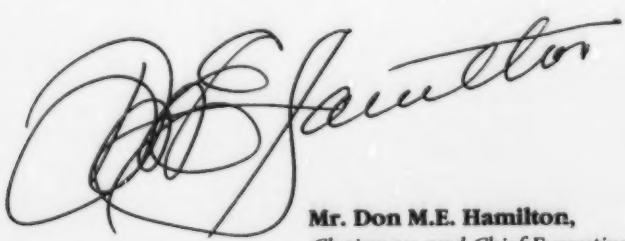
Discovery Technology and Institutions We have made many positive contributions to the good relationships we have at all levels of both the Federal and Provincial Governments, and are in close liaison with the corporate and industrial communities as we expand our activities. Working with various Ministries of the Province, we have established a world-wide database network of science and technology-based companies, enabling instant matching up of people and products, which will facilitate the economic growth of

the Province. Discovery is a co-founder of, and has representation on, the Steering Committee of the Vancouver Enterprise Forum, that hosts monthly seminars at which entrepreneurs brave public scrutiny by a panel of experts, and which were developed by MIT/Caltech in the U.S.A. The BC*R&D bi-monthly newsletter was upscaled to a newly-designed full-fledged glossy magazine, called "BCDiscovery", providing coverage of innovation within the Province, news about Government programs, and exposure for high technology companies.

Discovery Innovation Centre The Innovation Centre, located at the B.C. Enterprise Centre, is an extremely busy arm of Foundation, assisting inventors and entrepreneurs with counselling services and Province-wide presentations and seminars on patenting, funding, and commercializing their products. As they gain increasing recognition, they now receive 400-600 telephone and walk-in enquiries a month, and during the past year have successfully assisted in the marketing of more than 100 new products and the creation of many jobs in all parts of the Province. The National Research Council's Industrial Research Assistance Program committed $340,000 during 1987/88, an increase of 172% over last year, and has committed $142,000 for 1988/89 to date, for a total of 72 IRAP projects.

Discovery Corporate and Industry Relations The new Corporate & Industry Relations Division created in 1988 formalizes an on-going role in heightening public awareness of the efforts, services and achievements of Discovery Foundation and its subsidiary companies. This continues the information exchange program with media, industry, government and academic institutions.

General: We have been successful through all of our projects in raising the public profile of the activities of Discovery Foundation, so that it is increasingly recognized as providing broad-based support for the development of Research, Science, and Technology, as an economic stimulator for job creation throughout the Province of British Columbia.



Mr. Don M.E. Hamilton,
Chairman and Chief Executive Officer

DISCOVERY FOUNDATION
CORPORATE AND INDUSTRY
RELATIONS

GOVERNMENT INITIATIVES

Corporate Development
Discovery Network
Discovery Club
Media

Discovery Foundation Corporate and Industry Relations

The Corporate & Industry Relations Division in 1988 formalized an on-going role in heightening public awareness of the efforts, services and achievements of Discovery Foundation and its subsidiary companies. This continues the information exchange program with media, industry, government and academic institutions.

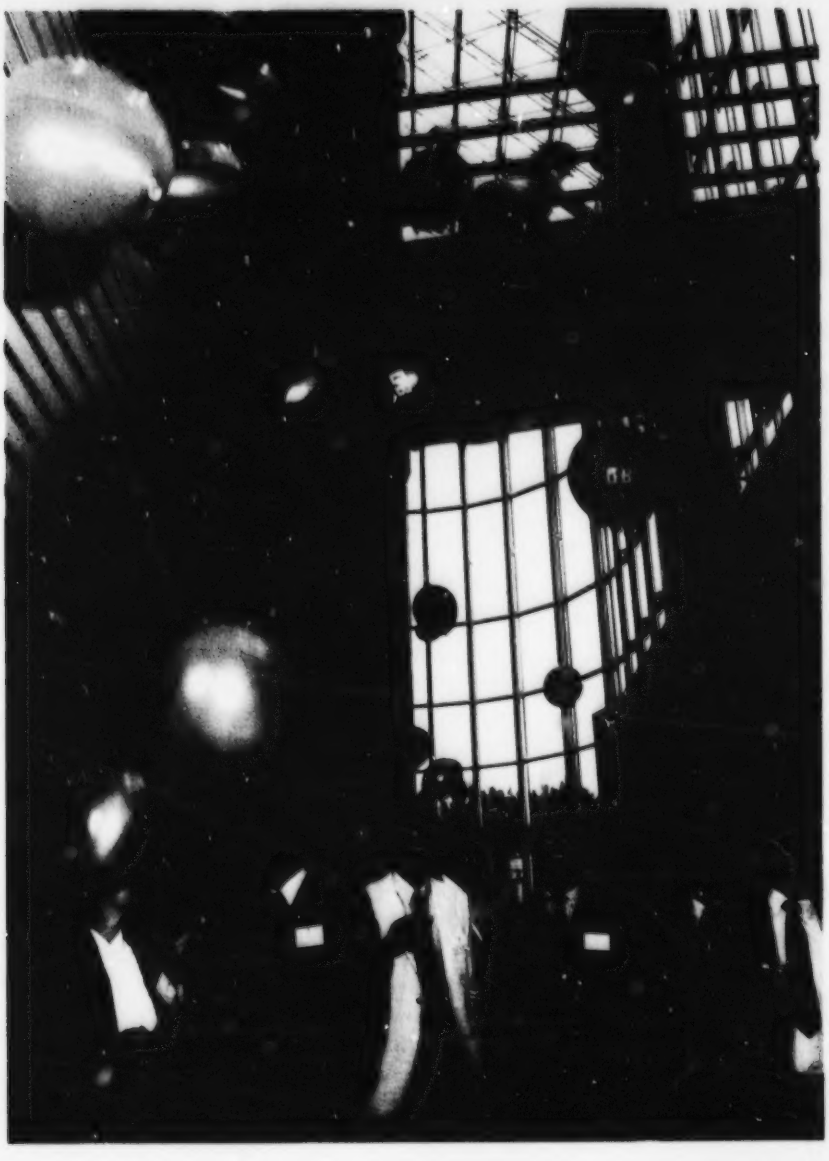
Discovery Foundation also continues to develop the "Discovery Network", an extensive system of business, government and academic contacts on local, national and international levels. This network is a fundamental tool for Discovery Foundation and its clients. Time is of the essence in the development and marketing of new advanced technology products and processes. The Discovery Network is designed to "fast-track" products, taking them from conception to market at a rate required to target their ever-important windows of opportunity.

Discovery Foundation works closely with the Provincial Government, industry, and academic institutions to develop programs and policies which will stimulate the growth of B.C.'s advanced technology industry. The Foundation was instrumental in the creation of an "export market guarantee program" which provides the purchasers of B.C. products and services with a government supported performance guarantee. This program is of major importance to young B.C. companies who previously could not obtain performance bonding due to "lack of track record".

The Division has been an active participant on the B.C. Electronics Task Force, chaired by The Honorable Grace McCarthy, Minister of Economic Development, and also sits on the steering committee for the B.C. Purchasing Commission's Import Substitution Conference as well as the Vancouver Trade and Convention Centre's International Events Program. In addition, a "special events calendar" for Foundation Trustees and the Division has been established to make presentations to professional and industrial associations, chambers of commerce, academic associations and faculty groups, government ministries and municipal councils.

An average of ten tours per month go through the Multi Tenant Facility in the BCIT Discovery Park. International industry, government and academic delegations recognize the operation on a world-class scale. The award winning MTF building is seen by these delegations as a symbol of the Government of British Columbia's support for the growing advanced-technology industry.

The BCIT, Discovery Park incubator building is the focal point of national and international visiting missions to see BC technology companies in action.



It was cause for celebration at BCIT's Discovery Park facility the day one of its tenants, Giant Bay Biotech, poured the first gold brick using an economically viable bioleaching process.

Discovery Parks teamed up with Silicon Northwest of Bellevue, Washington, to deliver a series of monthly seminars aimed at informing high technology companies how to become news in the local, national and international media. Seminar topics were varied and included: how Microsoft rolls out a new product; what members of the Vancouver media want to hear from high tech companies; how to prepare a media kit; and profiles of major media campaigns.

DISCOVERY
ENTERPRISES INC.

VENTURE CAPITAL
INVESTMENT

Equity Investments
in
Technology-based
Companies

Discovery Enterprises Inc.

Technology-based companies require capital to develop their products and find markets for them. Financial risks are relatively high, timing is important, and sources of risk-type investment capital are scarce.

The mission of Discovery Enterprises is to apply capital and unique human resources to build innovative enterprises, primarily in their early stages. Discovery Enterprises contributes to the commercialization process by investing in economically viable businesses that develop a proprietary position through the use of advanced technology or innovation. It often provides the earliest professional venture capital an emerging company is able to attract. Discovery Enterprises manages an investment fund of $56 million. It made its first investment early in 1984, and now owns equity in over 30 companies.

Discovery Enterprises is a constructively active investor, not a banker, and is determined to build successful new businesses and to share with the entrepreneur some of the risk associated with early stage enterprises. Discovery is committed to entrepreneurs - and works with them to build strong, innovative and successful businesses.

Guided by Business and Industry

Proposals which have been initially analyzed and approved by Discovery Enterprises are reviewed by an "Industry Review Committee", a panel with industry and academic expertise which reviews the general business, technical, and marketing merits of individual proposals. Over 100 individuals participated as IRC volunteers in fiscal 1987-88, demonstrating the success of drawing on the wealth of knowledge contained in British Columbia's business and technology communities.

Andronics' Arthrobot is a voice-controlled robotic arm which holds a patient's limbs in the correct place during an operation. The arm is perfectly steady and responds to the doctor's voice to reposition the limb for better exposure.

Discovery Enterprises invests in a wide range of industries, from electronics and computer software to biotechnology and robotics. It seeks to invest in companies in their early stages which have a management team with energy and ability and a large market for the product or service being offered. There should be a demonstrated ability to produce and market the product profitably and proprietary technology to help protect it from competition during its early years. Discovery Enterprises also adds shareholder value; for example, it plays a pro-active role in helping to find outside financial, human and strategic resources to make the company successful.

In its search for new business investment, Discovery Enterprises backs outstanding managers with high growth enterprises and can provide ongoing financial and managerial support to the companies it invests in. It wants to attract, retain, and challenge winners: executives with track records, and support businesses capable of attracting investment from other private sources of capital.

Discovery Enterprises received over 300 enquiries during the fiscal year, examined over 100 business plans and committed to 21 investments in new and existing portfolio companies. Investments grew to $13,939,000 by March 31, 1988.

Performance of Portfolio

The new, state of the art, $40 million aerospace machining facility of Ebco Aerospace Division is now in operation in Delta. This Discovery Enterprise supported operation will provide a major focus for the Western Canada aerospace industries.

In robotics, International Submarine Engineering Research has re-

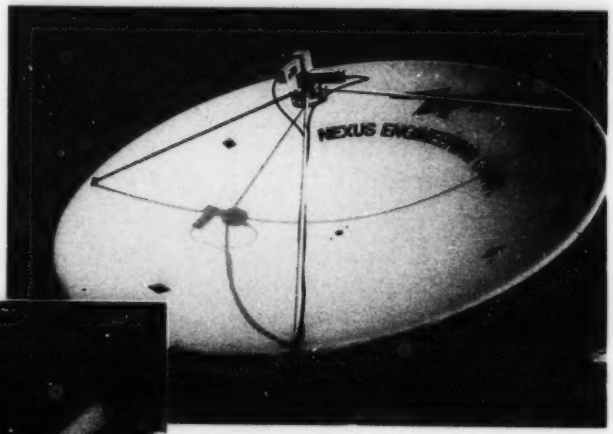
ceived a large order for nine of its "Dolphin" semi-autonomous unmanned submersibles from Rockwell International for the US Navy. Andronic Devices Ltd, in association with Dupont Canada as a strategic partner, has created a new subsidiary to commercialize laboratory robotic devices.

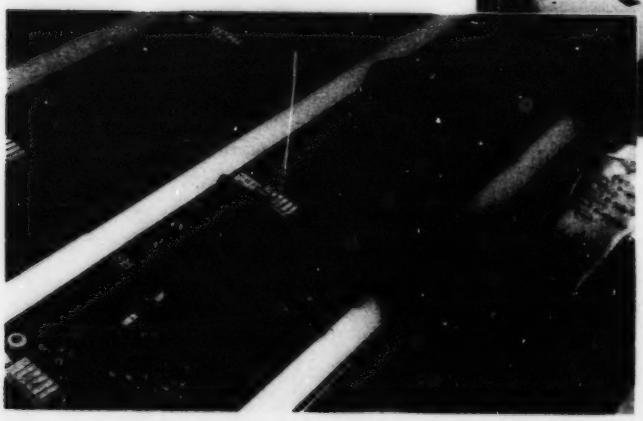
Bedford Software's sales of its very popular PC-based accounting system for small businesses has increased from $80,000 in 1985 to $5 million this year. An Apple version will be on the market in 1988.

DBA Communications Systems won the 1987 Award for Excellence from the Electronic Manufacturers Association of Canada and the "Smartalk 208" telephone system was named "Product of the Year" by the New York based "Teleconnect" Magazine. Dees Communications Engineering is now manufacturing a wooden telephone/power pole soundness tester for BC Hydro that will have international market applications.

The TIR Systems "Light-Pipe" that transmits light through plastic lens pipes throughout buildings and other applications without electric wiring and used in the EXPO'86 entrance gate, has now entered the Japanese markets in a venture with C. Itoh and Company.

Epic Data, a subsidiary of Ebco Industries, has developed the Epic Portable Terminal, a rugged data input device designed especially for use in the forest industry. The information can be loaded directly into a computer, eliminating the need to retype data recorded in the field.





The Nexus Group of Companies specializes in the design, manufacturing and marketing of high frequency communications equipment. They continue to introduce more new products than any other company in the industry.

DISCOVERY PARKS INC.

FACILITIES AND PROPERTY

Technology
Parks
Enterprise Centres
Incubation and Business
Support Facilities
Management
Marketing

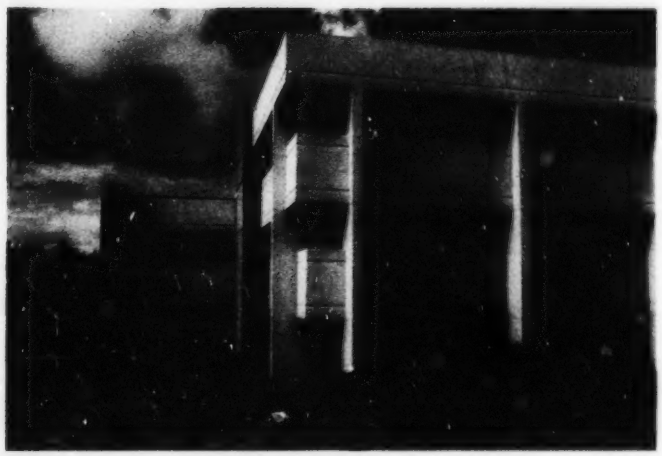
Discovery Parks Incorporated

Discovery Parks is the division that manages real estate assets in excess of $100 million, located at Simon Fraser University, the University of British Columbia, and the BC Institute of Technology in Burnaby. It administers Canada's first and most successful "Incubator" building for technology businesses at the BCIT Park. The three Parks currently have 52 tenants who employ 900 people.

Perhaps the most significant event to occur this year was the purchase of a research building in the BCIT Discovery Park, by MacMillan Bloedel, and their commitment to locate their world-wide R&D operations within the building. MacMillan Bloedel plans to invest $15 million in the building, and will bring 130 researchers & support staff into the Park by mid 1989. MacMillan Bloedel spends more on research and development than any other forest products company in Canada, and has a record for innovations that is respected internationally.

Discovery Parks, with Dominion Construction, submitted a successful proposal to design, build and lease on a long term basis a 160,000 square foot facility to accommodate the combined requirements of the Knowledge Network and Open Learning Institute. This Proposal awaits only final approval by the Provincial Government to fund before the project proceeds.

To enhance the marketing activity in the Parks on a local, national and international scale a real estate broker, Colliers Macaulay Nicolls, with national and international affiliations, was appointed. Success was almost immediate on a local scale with the commitment by a leading technology based marine systems designer and manufacturer to occupy 2 acres and a private developer stepping forward with a proposal to construct post incubator facilities to accommodate more mature small companies on approximately 4 acres. Negotiations continue with both these prospects and others that have been introduced to us.



The Microtel Pacific Research building at Discovery Park, Simon Fraser University.

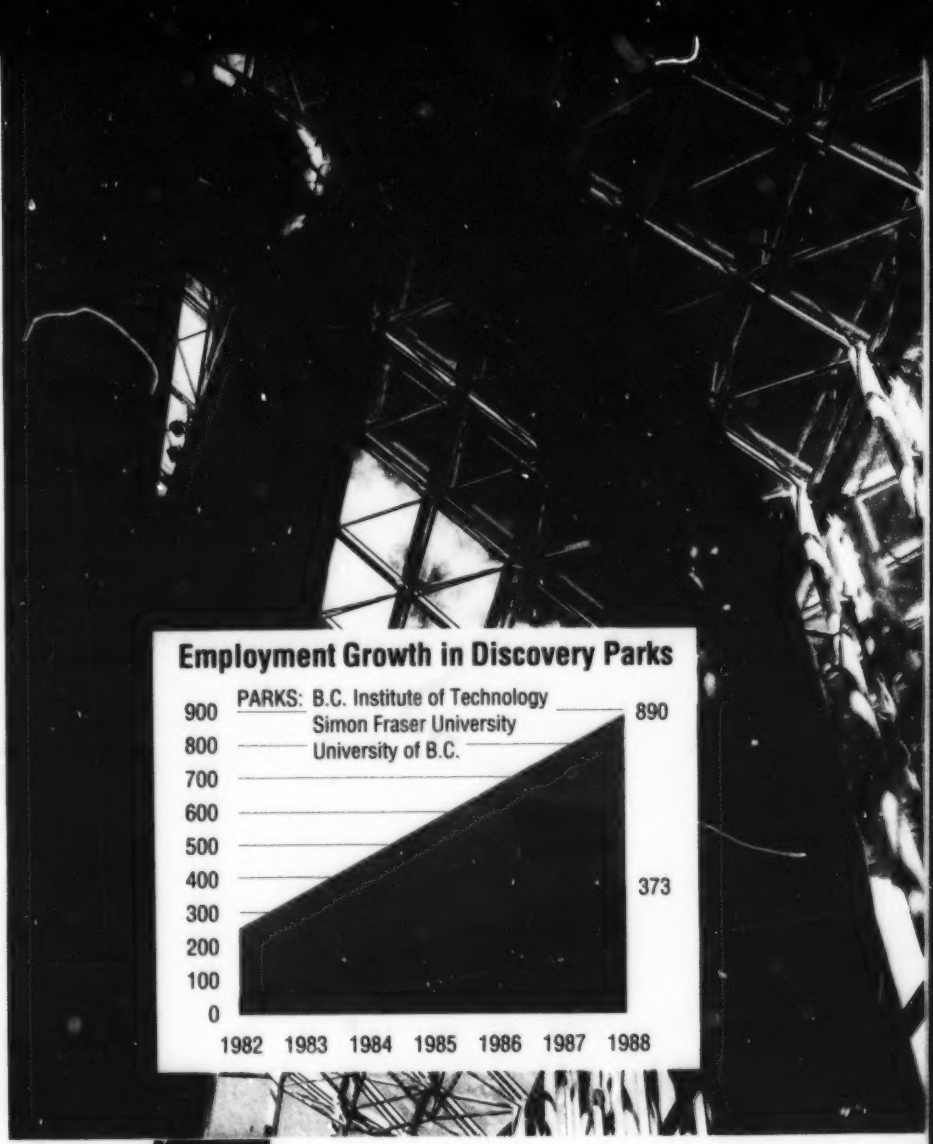
A major proposal by Discovery Parks to fund incubators/multi-tenant facilities at the three universities and two colleges in the interior of the Province has been submitted to the Western Diversification Office. We can be optimistic that support will be forthcoming from the Western Diversification Office for this program as the concept of providing support to small and start-up companies in an incubator facility appears to have received very favorable consideration.

The incubator/multi-tenant facility at the BC Institute of Technology Park continues to enjoy full occupancy by a number of small and start-up companies working in a variety of different technologies. Some of Discovery Parks' tenants include companies involved in projects as diverse as the development of a computerized imaging system for detecting breast cancer (Advanced Light Imaging), the fabrication of the latest integrated circuits using gallium arsenide (TRL) and improvements of the profitability of production operations in forestry and material processing industries (CETEC).

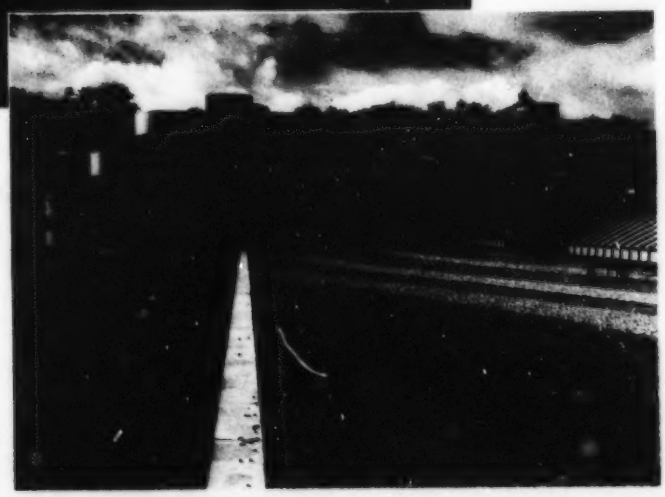
At the Simon Fraser Discovery Park, the Pacific Microelectronics Corporation proposal, currently before the Province by Microtel Pacific Research, to expand their electronic microchip processing facility in the park with a USA partner, will increase the microelectronics focus at Simon

Fraser. The proposed DPI incubator facility under the Western Development Fund would also provide space for companies researching and developing products for the processing facility.

The University of British Columbia Discovery Park continues to develop in the biotechnology and resource technologies. A fermentation facility to support the recently opened Biomedical Research Centre on the UBC campus is under study for the UBC Discovery Park. A joint UBC and Discovery Parks incubator facility has also been proposed to the Western Diversification Fund.



The Pulp and Paper Research Institute of Canada (Paprican) at Discovery Park, University of British Columbia.



MacMillan Bloedel brings a world class research operation to Discovery Park, B.C. Institute of Technology.

DISCOVERY
INNOVATION CENTRE

ASSISTANCE AND REFERRALS

Inventions
Products
Patents
Copyright
Licensing

Discovery Innovation Centre

The Discovery Innovation Centre evolved out of a recognition that normal resources available to innovators and entrepreneurs could not provide the technical assessments and product development information necessary for new technology commercialization. The Centre was established primarily as a counselling and referral service for innovators. Service is provided through diagnostic counselling sessions, telephone follow-up, outreach programs, literature and referral within a wide network of contacts.

The Discovery Innovation Centre experienced a marked increase in demand for services during the past year. Part of the reason for this increase, no doubt, was the move in July 1987 to the B.C. Enterprise Centre at the Expo grounds on False Creek. In conjunction with the move, we also established a counter at a central location in the Enterprise Centre which is open to the public. The counter is staffed during the business hours by people who are fully briefed on the services available from Discovery Innovation Centre.

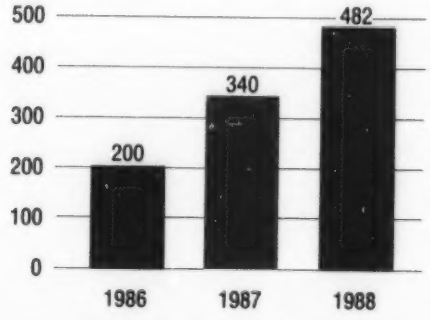
Increased Operations

In the course of the year, the Centre receives between 7,000 and 8,000 inquiries by telephone, and also conducts more than 1200 personal interviews per year. After preliminary screening, any clients who fit the parameters of IRAP support are referred to the technical advisors for technical advice and possible financial support.

During the year, approximately 400 interviews by the Innovation Centre's Technical Advisor for the National Research Council's Industrial Research Assistance Program (IRAP) took place. A total of $482,000 has been committed to date in 72 projects. The average project was valued at $6,695.00.

Accumulated NRC-IRAP Contribution

(Amounts expressed in $ 000)



This type of funding is invaluable to our clients as it not only supports their acquisition of technology but usually brings them much nearer the position where they are fundable by Discovery Enterprises or other private sources of funding.

Product Highlights

One example of a product that got its start with Discovery Innovation Centre is a system to keep the rear view mirrors of logging trucks clean and clear by using a compressed-air system to solve the problem. The product is now in production and has potential markets throughout North America and Europe.

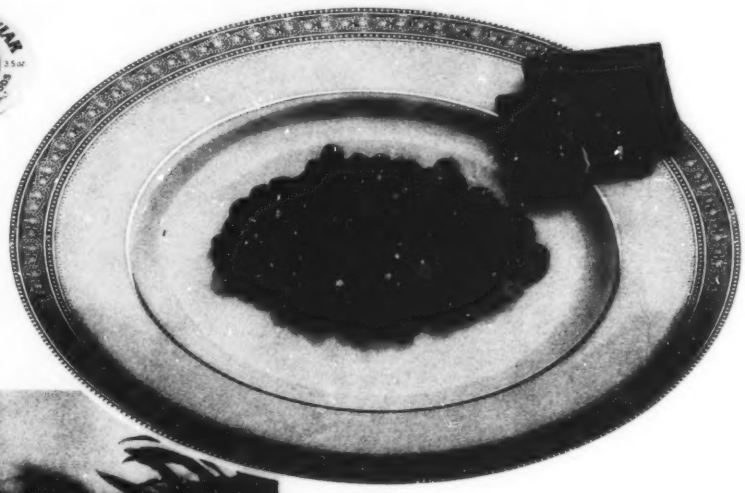
Other product ideas that were brought to the Centre which will soon become retail items include a device that attaches to a garden hose and thoroughly cleans paint from rollers, an educational tool to demonstrate how electricity is created with water from a tap, inexpensive knee pads, an earring wardrobe and many more varied and unique products.

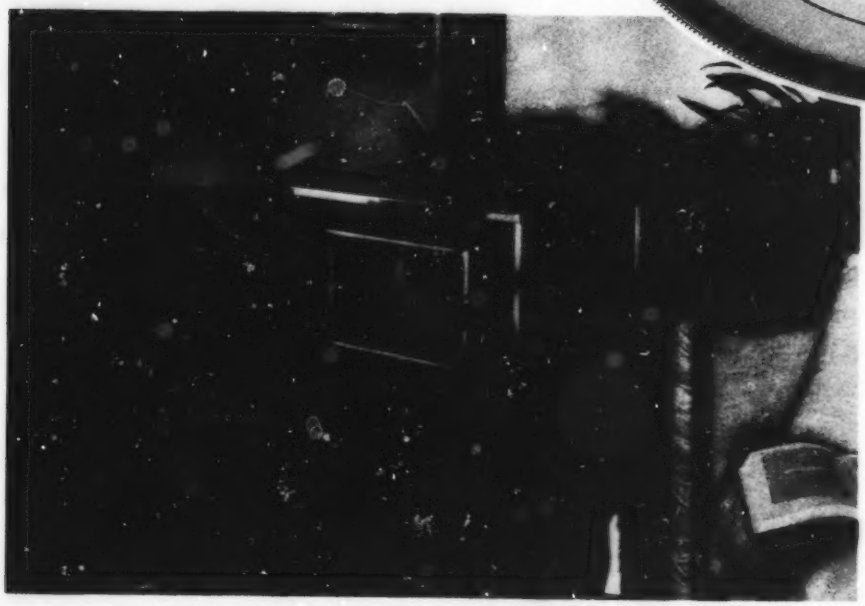
Discovery Innovation is part of the National Research Council of Canada's delivery program for grants to assist research in B.C. companies.

The Z-drive, manufactured by Rhys Ventures of Richmond, is a unique multi-purpose tool which Discovery Innovation helped bring to the product stage. The same tough tool can be used as any type of screw-driver, a speed wrench, nut driver and high torque tool. Rhys president Walter Hripak anticipates more than $5 million in sales in the first year, mainly in the U.S. market.

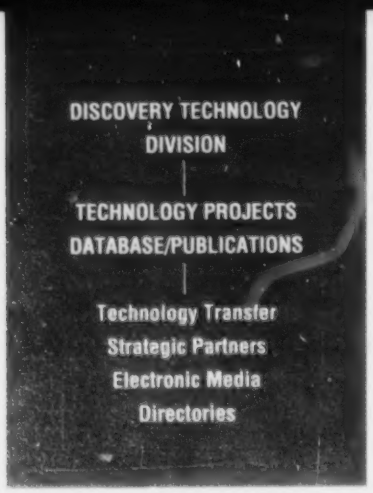
The Scooter Tote is an original conception by Henri Dureau. He devised a platform to easily attach scooters used by elderly or physically handicapped people to the back bumper of a vehicle. You simply drive the scooter on and off the device to load and unload. This offers new mobility to those too handicapped to lift scooters into the trunk of a car. The Department of Veterans Affairs has expressed interest in the product.

Salmon caviar may not be a delicacy on the B.C. coast, but Richard Beer, founder of Sir Richard Seafoods has identified a potential $10 million export market for the fresh fish eggs. Last year he sold his previous company to start the seafood business, and has built a processing plant in North Vancouver. The salmon caviar is the first of a number of different value-added seafood products, says Beer.





Another successful product that got a boost from the Discovery Innovation Centre is the Seefire freestanding wood stove. Innovative research has reduced the stove's emissions to as little as 3.2 grams per hour, which meets the tough California EPA emissions standards. Seefire now carries Canada's largest, cleanest burning line of fireplace inserts and wood stoves.



Discovery Foundation
Technology and Institutions

Technology and Institutions was established primarily to attract international technology organizations to British Columbia,large corporation R&D groups, assist technology transfer from abroad and from Canadian and B.C. sources to B.C. companies, and to assist establishment of technology based enterprises in B.C. This function is essentially brokerage, facilitation, and provision of information. There are several major technology-based industry projects under development each year. The Technology Division networks with universities, colleges, science & technology institutions, and corporations in Canada and abroad. The Division is responsible for the Discovery Innovation Centre and the Publications Group produces the *BCDISCOVERY* technology bi-monthly magazine as well as the annual *BCTECHNOLOGY* Directory/database and Discovery Foundation's Annual Report.

Technology Transfer and Development

In looking for opportunities for technology transfer to BC companies, the Technology Division was part of a Federal Government technology transfer mission to European, Japanese, Canadian, and US automotive parts plants, studying technology applications to upgrade Canadian manufacturing industries. Two projects are in development in British Columbia. The VLSI'87 International Conference was a world conference on the latest technology developments in micro-electronics circuitry design, materials and architecture. Held in Vancouver, it attracted many internationally-known researchers and scientists. Discovery Foundation, as part of the International Federation for Information Processing Committee, arranged the Vancouver program.

The Technology Division is also working with the National Research Council supported Technology Broker Program in British Columbia where NRC funds 75% of the costs of transferring international technology into BC industries. Two BC companies, BTE Consulting Group and Praxis Management, have been designated as the brokers in this program to develop licensing, technology transfer and sourcing for companies in the Province.

The Vancouver Enterprise Forum

From a successfully operating MIT concept in many American cities, the Vancouver Enterprise Forum is designed to help qualified companies to develop the business plans and financing necessary to make the "second step" from small-scale operation to a more sophisticated level. The Vancouver/Los Angeles Sister City Organization, with the help of CalTech in Pasadena, brought the Massachusetts Institute of Technology Enterprise Forum concept to Vancouver. Discovery Foundation, part of a BC committee that included City of Vancouver, University of British Columbia, Simon Fraser University, BC Institute of Technology, Ministry of Economic Development, Deloitte, Haskins and Sells, Ebco Industries, and industry volunteers, set up the Vancouver program. The Enterprise Forum offers small, promising technology-based companies an opportunity to present their plans to a panel of experts and an audience of technical, business, and academic professionals. The Vancouver Enterprise Forum is drawing over 200 entrepreneurs, investors, services, and technology interested people to each presentation. The Technology Division publishes the monthly Forum newsletter of each event.

BCDISCOVERY Magazine

The *BCRD* newsletter, now the *BCDISCOVERY* Magazine, has been published by the Technology Division since 1982. It is printed bimonthly and includes British Columbia technology developments and features. Three to four companies are profiled in each issue, highlighting new products and achievements. The section "Technology Meet-Market" has become a forum for investors looking for new enterprises, inventors with innovations for sale or licensing, companies seeking financing or selling technology, and consulting services. Technology-based industry associations also use the *BCDISCOVERY* as a special technology interest forum.

Over 15,000 copies of the magazine are distributed regularly to subscribers, business, industry, educational institutes and agencies throughout the world. The magazine publicizes British Columbia technology achievements and helps to create partnerships and business opportunities for the knowledge-based industries in the Province.

BCTECHNOLOGY Directory

The Technology Division, in 1987, started a program to collect and centralize the existing databases on BC industry and research sectors, edit and update the records, and publish an annual *BCTECHNOLOGY* Directory. The database will become a "generic" research and technology resource reference for British Columbia and the printed Directory will provide a reference for Government and business to identify companies and their products/services, identify technology and research developments and also provide annual performance data for the various technology sectors in B.C.

Publication of the first issue of the *BCTECHNOLOGY* Directory will be in mid-1988. It will initially include the information and manufacturing industries but subsequent editions will include agricultural, resources, and educational institute research and technology operations.

***BC**DISCOVERY Magazine has replaced BC*R+D as Discovery Foundation's bi-monthly magazine. The publication promotes B.C. achievements in the high technology industry.*

Another publication in the works is a comprehensive annual BC Technology Directory. The book will be a valuable reference tool for business and government agencies seeking B.C. products and services.

DISCOVERY FOUNDATION

FINANCE ADMINISTRATION

Accounting & Financial Reporting
Operating Budgets
Cash Management
Facilities &
Risk Management

Finance and Administration

Finance

During the year, several activities and developments arose in the area of finance. The audited financial statements, approved by Discovery Foundation last September, were reformatted to better indicate the extent of private sector funding and the shortfall nature of the contribution by the Provincial Government. The operating budget was approved by the Board and later, in mid October, the conditional grant agreement with the Provincial Government for shortfall operating funding was executed. Regular monthly and quarterly financial reports including cash projections were provided in support of requests for funds and for executive and management review.

The annual review by our bankers resulted in a renewal of our operating and credit lines. Additionally, our banking and cash management arrangements were simplified and improved. Earlier negotiations for access to the short-term pooled investment fund of the Province were finalized in August.

Administration

Based on a review of operational procedures, a revised staff travel policy was implemented in February in keeping with suggested financial management guidelines.

An external review of the operations and divisions of Foundation was completed in February. The consultant's report and recommendations were considered in the preparation of an updated three year business plan for Foundation, submitted in support of the budget request to the Province for the ensuing fiscal year.

Plans were underway at year end for conversion to a computerized accounting software package for in house maintenance of accounting records on the micro-computer, replacing the external time share facility arrangement. The conversion will be cost-effective, will provide improved access to financial information, and will assist in complying with the Financial Information Act reporting after 31 March, 1988.

Five Year Review

The finances and operation of Discovery Foundation over the past five years are reflected in these condensed statements. Following the sale and leaseback of the BCIT Technology Incubator in 1983, these developments include:

- Growth in assets to $19 million, exclusive of land holdings in Research Parks
- Growth in private source revenues to over $2.5 million, plus venture investment returns approximating $.5 million
- Amortization of the 5 year prepaid BCIT Incubator building lease of $4 million
- Gifted acquisition from the Province in 1986 of their $6.2 million Venture Capital Fund to Discovery Enterprises Inc. and further loan financing for Discovery Enterprises activities in 1987 and 1988 of $7.1 million
- Development of an operating shortfall funding contribution arrangement with the Province within approved limits and exclusive of non-cash charges for depreciation and amortization
- Maintenance of contributed equity at a level from $11 to $13 million

A more comprehensive outline of the past fiscal year is contained in the March 31, 1988 audited financial statements of Discovery Foundation.

Discovery Foundation

Summary of Financial Position

March 31 - Five Year Comparison
[Amounts expressed in $ 000]

	1984	1985	1986	1987	**1988**	
Current assets	284	482	852	1,720	**2,174**	ASSETS
Venture investments				8,402	**8,054**	
Appropriated funds	958	3,591	3,029	89		
Investment in research parks	8,902	9,118	9,861	9,836	**9,643**	
Accumulated depreciation	(10)	(20)	(33)	(50)	**(70)**	
Capital grant - *Province of B.C.*				(700)	**(700)**	
Contributions - *Province of B.C.*					**(242)**	
Fixed assets	358	466	331	221	**181**	
Deferred charges						
- *building lease*	3,228	2,329	1,321	189		
	13,720	15,966	15,361	19,707	**19,040**	TOTAL
Current liabilities	622	951	1,097	834	**1,164**	LIABILITIES AND EQUITY
Loan - Province of B.C.				6,101	**6,962**	
Pacific Aquaculture Centre						
- *development loan fund*		2,826	3,029	89		
Contributed equity	13,098	12,189	11,235	12,683	**10,914**	
	13,720	15,966	15,361	19,707	**19,040**	TOTAL

Discovery Foundation

Summary of Changes in Financial Position

Fiscal Year Ended March 31 - Five Year Comparison
[Amounts expressed in $ 000]

	Cash Provided by (Used for):	1984	1985	1986	1987	**1988**
OPERATIONS	Operating loss	(767)	(1,007)	(1,034)	(1,344)	**(1,083)**
	Discovery Enterprises program returns				511	**474**
	Recoveries on investments					**87**
	Charges not involving funds					
	Depreciation & amortization	903	1,058	1,199	1,344	**283**
	Loss on sale of building & land					**878**
	Changes in non-cash operating working capital	30	(12)	128	(1,032)	**844**
		166	39	293	(521)	**1,483**
FINANCING	Pacific Aquaculture Centre					
	Loan		2,826	202	(2,939)	**(110)**
	Contributions		98	81	(179)	**21**
	Contributions for undeveloped lands					**242**
	Loan - *Province of B.C.*				6,101	**861**
	Contributions for Discovery Enterprises				6,200	
			2,924	283	9,183	**1,014**
INVESTMENTS	kesearch Parks development	(402)	(217)	(742)	725	**(694)**
	Appropriation for Research Parks	(957)	(2,633)	563	2,939	**89**
	Purchase of fixed assets	(282)	(256)	(44)	(83)	**(25)**
	Venture investment activity				(12,144)	**(899)**
		(1,641)	(3,106)	(223)	(8,563)	**(1,529)**
CASH POSITION	Increase (Decrease)	(1,475)	(143)	353	99	**968**
	Cash Position, beginning of year	1,567	92	(51)	302	**401**
	Cash Position, end of year	92	(51)	302	401	**1,369**

Discovery Foundation

Five Year Operating Summary

Fiscal Year Ended March 31
[Amounts expressed in $ 000]

	1984	1985	1986	1987	**1988**	
Research Parks	852	1,426	1,821	2,163	**2,244**	REVENUE
Interest and other income	83	68	172	78	**267**	
	935	1,494	1,993	2,241	**2,511**	
(Excluding non-cash charges)						EXPENSE
Research Parks	951	1,390	1,338	1,437	**2,277**	
Parks administration, technology, innovation and general administration	898	948	1,240	1,396	**1,481**	
	1,849	2,338	2,578	2,833	**3,758**	
Excess of Expense Over Revenue	914	844	585	592	**1,247**	EXPENSE OVER REVENUE
Discovery Enterprises operations*				647	**823**	
Operating contribution - *Province of B.C.*	(1,050)	(895)	(750)	(1,239)	**(2,047)**	
Depreciation & amortization	903	1,058	1,199	1,344	**283**	
Extraordinary items - Loss on sale of building & land, net of option revenue					**777**	
Net Expense	767	1,007	1,034	1,344	**1,083**	
Balance, beginning of year	13,865	13,098	12,189	11,235	**12,683**	CONTRIBUTED EQUITY
Net expense (as above)	(767)	(1,007)	(1,034)	(1,344)	**(1,083)**	
Pacific Aquaculture Centre		98	80	(178)		
Contribution for Discovery Enterprises*				6,201		
Discovery Enterprises - Venture investments returns (net of write-offs and provisions)				(3,231)	**(686)**	
Balance, end of year	13,098	12,189	11,235	12,683	**10,914**	

**Discovery Enterprises Inc. commenced operations April 1 1986 under a 5 year funding agreement with the Province of B.C. replacing the former Discovery Enterprise Program.*

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